

## LNF & IHCIF Calculations Illustration

# - SOUTHERN IHC in California area -

### Given Data

- 1,818 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 45% = % Expenditures on purchased services, 55% = % expenditures in-house
- 129.1% = Cost index for purchasing health care in this geographic area
- 127.2% = Size cost index for in-house costs due to small or large size
- 95.9% = California area cost index for health status above or below average

### Cost Adjustment Calculations

- \$1,731 per person for purchased services =  $45\% * 129.1\% * \$2,980$
- \$2,085 per person for in-house services =  $55\% * 127.2\% * \$2,980$
- \$3,816 per person total = \$1,731 (purchase) + \$2,085 (in-house)
- **\$3,661 per person total** adjusted for health status =  $\$3,816 * 95.9\%$
- **\$2,916 per person net cost** =  $\$3,661 - \$745$  Other resources (M&M&PI)

### Existing Expenditures (for 1,818 users excluding wrap-around and collections)

- \$2,306 per person = local IHS allowance (excludes \$ for wrap-around)
- \$222 per person = expenditures elsewhere in California area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$2,582 per person for OU users** =  $\$2,306 + \$222 + \$54$

### LNF Calculation

- **70.5% Gross LNF** =  $\$2,582$  (expenditures) /  $\$3,661$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **88.5% Net LNF** =  $\$2,582 / \$2,916$  net cost ( $\$3,661 - \$745$  other)

### IHCIF Allocation

- \$0 = \$ to raise LNF% from 88.5% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$0 Allocation** = \$0 needed for 60% \* 3.488% IHCIF fraction

### SOUTHERN IHC Unmet Needs

- **\$5,301,094 Net Total Need** = 1,818 users \* \$2,916 net cost
- **\$607,235 Net Unmet Need** =  $(100\% - 88.5\% \text{ LNF}) * 1,818 \text{ users} * \$2,916 \text{ net cost}$